

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 IO-12 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-02 PA-03 PRS-01 USIA-12 RSR-01 /182 W

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R 131005 Z APR 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3115

INFO AMEMBASSY LONDON

USMISSION GENEVA

USMISSION OECD PARIS

C O N F I D E N T I A L TOKYO 4545

E. O. 11652: N/A

TAGS: ETRD, EGEN, JA

SUBJ: JAPANESE OFFICIALS SEE CONTINUED IMPROVEMENT IN
US/ JAPAN BALANCE OF TRADE

REF: A. TOKYO 3354;

SUMMARY: MITI OFFICIALS, ON BASIS LICENSES ISSUED
FOR EXPORT AND IMPORT FIRST THREE MONTHS 1973, BELIEVE
US/ JAPAN TRADE IMBALANCE WILL CONTINUE IMPROVE. EPA
OFFICIALS ALSO OPTIMISTIC RE FIRST HALF 1973 BUT HAVE
SOME MISGIVINGS OVER POSSIBLE TRENDS IN SECOND HALF OF
YEAR.

1. IN DISCUSSION WITH E/ MIN, MITI OFFICIALS HAVE PRO-
VIDED FOLLOWING IMPORT/ EXPORT FIGURES FOR FIRST QUAR-
TER 1973 BASED ON IMPORT/ EXPORT LICENSES ISSUED BY
MITI. MITI OFFICIALS NOTED IN PRESENTING FIGURES THAT
EVEN THOUGH JAPANESE EXPORTS TO US CONTINUE TO RISE
SLOWLY, RAPID RISE IN LICENSES FOR IMPORTS FROM US,
WHICH WILL SHOW UP IN TRADE STATISTICS OVER NEXT FEW
MONTHS, POINT TOWARD CONTINUED IMPROVEMENT IN BALANCE
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OF US/ JAPAN TRADE COMPARED TO 1972. FIGURES FOR WORLD-WIDE EXPORTS AS COMPARED WITH SAME MONTH IN 1972 SHOW INCREASES IN JANUARY OF 21.5 PERCENT, FEBRUARY OF 21.6 PERCENT, AND MARCH OF 13.7 PERCENT. FIGURES FOR WORLD- WIDE IMPORTS SHOWED INCREASES IN JANUARY OF 40 PERCENT, FEBRUARY OF 66 PERCENT, AND MARCH OF 86.9 PERCENT. MARCH IMPORT LICENSES TOTALED \$3.6 BILLION. LOOKING ONLY AT US, EXPORTS SHOWED INCREASES IN JANUARY OF 17.7 PERCENT AND FEBRUARY OF 8 PERCENT, BOTH LOWER THAN WORLD- WIDE INCREASE. MARCH FIGURES FOR US WERE NOT AVAILABLE. IMPORTS LICENSED FROM US FOR SAME PERIOD SHOWED INCREASES IN JANUARY OF 28.2 PERCENT, FEBRUARY OF 89.8 PERCENT, AND MARCH OF 90 PERCENT. INCREASE FOR LAST TWO MONTHS HIGHER THAN WORLD- WIDE RISE.

2. ECONOMIC PLANNING AGENCY OFFICIALS HAVE CONFIRMED TO E/ MIN THEIR AGREEMENT WITH MITI ON PROSPECTS FOR CONTINUED IMPROVEMENT IN BALANCE OF TRADE WITH US IN SECOND QUARTER OF 1973. THEY TAKE A SOMEWHAT MORE GUARDED POSITION ON SECOND HALF OF 1973. WHILE NOTING THAT MAJORITY OF OBSERVERS EXPECT JAPANESE ECONOMY TO LEVEL OFF AT CURRENT GROWTH RATE BUT NOT DECLINE IN SECOND HALF OF YEAR, EPA OFFICIALS EXPRESSED CONCERN THAT TIGHT MONETARY POLICY AND RESTRICTIVE FISCAL MEASURES BEING TAKEN OR CONTEMPLATED BY GOJ, COMBINED WITH EFFECTS OF REVALUATION AND CONTINUED FLOAT COULD DAMPEN CURRENT BOOM AND RESULT IN REVERSAL OF RISING TREND ON IMPORT SIDE OF TRADE PICTURE. THEY ARE HOPEFUL THIS WILL NOT OCCUR BUT REMAIN CAUTIOUS.

3. COMMENT: EMBASSY IS ALSO ENCOURAGED BY CURRENT TRENDS IN IMPORTS AND EXPORTS, BUT SHARES RESERVATIONS VOICED BY EPA. WHILE IT IS STILL TOO EARLY TO SAY THAT BASIC FACTORS UNDERLYING ADVERSE TRENDS IN US/ JAPAN TRADE HAVE BEEN REVERSED, FIRST HALF OF 1973 SHOULD SHOW MARKED IMPROVEMENT OVER SAME PERIOD IN 1972 AND THERE IS POSSIBILITY THAT SECOND HALF OF YEAR WILL ALSO CONTINUE FAVORABLE TO US BALANCE OF TRADE.
INGERSOLL

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*** Current Classification *** CONFIDENTIAL

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